



# Town of Wayland Massachusetts

## OPEB Advisory Committee

Kent George  
David Gutschenritter  
Cliff Lewis (Chair)  
Maryanne Peabody  
Jay Sherry

### Minutes of August 27, 2014 Committee Meeting (Approved on December 3, 2014)

In Attendance were: Kent George, David Gutschenritter (after 6:45 PM), Cliff Lewis, Maryanne Peabody, Jay Sherry

This meeting was recorded and is currently available on WayCAM On Demand at:  
<http://waycamtv.pegcentral.com/player.php?video=dbb4aa1df378de001be77e820aa8b4a5>

The meeting was called to order at 6:40 PM by Chair Cliff Lewis in the Selectmen's Meeting Room of the Wayland Town Building. The following Agenda topics were addressed:

1. **Public Comment:** There were no members of the public present at this meeting.
2. **Review of the OPEB Investment Account**

The Committee was joined by Town Treasurer Paul Keating and Town Finance Director Brian Keveny for discussion of this agenda item. Keating reviewed his discussions of investment policy and OPEB fund governance with the two investment managers, Bartholomew and Rockland Trust. Keating's summary from Bartholomew:

- 8 of 77 municipal OPEB accounts have aggressive portfolios
- 44 have moderate portfolios
- 25 have conservative portfolios

Rockland has 15 accounts, all of whom have a portfolio mix of 55% equities/45% fixed income.

Very few towns have organized OPEB Committees like Wayland's. For comparison purposes, Keating contacted his counterpart treasurers at six neighboring towns:

1. Wellesley has \$35M in OPEB funds (some of which are borrowed) managed by PRIT
2. Brookline \$20M managed by UBS
3. Needham \$15M managed by PRIT, but with no OPEB Committee.
4. Wayland is #4 with \$12.3M in OPEB funds currently
5. Weston has \$9.2M managed by Bartholomew and no OPEB Committee.
6. Bedford has \$4.5M at PRIT and no Committee.
7. Newton has \$1M, managed by PRIT and no Committee.

Keating and all other Treasurers are part of the Middlesex Retirement Board. Both of Wayland's investment managers emphasized their fiduciary responsibility to safeguard OPEB assets.

Cliff, Jay and Dave had an extended discussion of the investment strategy used by State Street and SSGA with a further discussion of passive vs. active investment management. The Committee went on to discuss residents' likely tolerance for risk and volatility in the management of the OPEB Investment Account.

Kent recommended that the Committee ask the two investment managers for their suggested portfolio mix in order to maximize the probability of achieving 7% or more on the OPEB investment account over the long term.

Dave asked the question about how the Town will withdraw funds from the OPEB investment account once it achieves full funding in 2038, given that the investment account will rise and fall with the market.

Brian Keveny described his experience with pension and OPEB investing while he was the Finance Director for the Town of Winchester. The funds were managed by a private citizen of Winchester in the wealth management sector who volunteered his time and skills to Winchester.

The Committee unanimously agreed with Kent's recommendation above, and formally requested that Treasurer Paul Keating get a recommendation from the two investment managers for a portfolio mix that optimize the chance that the Town would achieve its long-term 7% return target on its OPEB investment account.

### **3. Comment on Contact from the Town of Dedham**

*(WayCAM video on this topic starts at 1:05:30)*

Mike Butler, Selectman of the Town of Dedham, wants to have a phone call with Jay and Cliff to understand what Wayland is doing with GASB 45 and OPEB. Maryanne mentioned that the Town of Winchester has also expressed interest in what Wayland is doing.

### **4. Reconciliation of Segal Projections to actual benefit payments/ Next GASB 45 Actuarial Valuation**

*(WayCAM video on this topic starts at 1:07:44)*

Jay circulated and reviewed with the Committee his one page draft of the Request for Quotation (RFQ) which will be sent to four or five actuaries regarding Wayland's next GASB 45 valuation of December 31, 2014. The RFQ had already been reviewed by John Moynihan and John Senchyshyn of the Town of Wayland for compliance with municipal procurement regulations. The Committee made several comments which Jay will incorporate. Cliff asked Jay to review this effort with Nan Balmer, Wayland's new Town Administrator as a way of bringing Nan up to speed on the Committee's efforts.

Dave moved that the Committee authorize Jay to release the RFQ as amended. The motion was seconded by Maryanne. The Committee voted 5 – 0 in favor of the motion.

Kent mentioned that this RFQ approach is the same one he would like to take on securing the legal advice on the formal structure of the OPEB Investment Account.

### **5. Review of Cost Reduction Progress**

*(WayCAM video on this topic starts at 1:26:25)*

Cliff indicated that he and Maryanne had received some data from John Senchyshyn and Donna LeMoynne with significantly more detail about the employee census and their choices of health plans. Cliff also reported that he had had another meeting with representatives from Blue Cross about new health plans that might be less costly.

### **6. Legal Structure of the Investment Account**

*(WayCAM video on this topic starts at 1:34:05)*

Kent has talked to two attorneys but he indicated he needs to produce an RFQ similar in structure to the one Jay put together for the GASB 45 valuation. He agreed to write the RFQ for review at the next OPEB Committee meeting.

[Later in the meeting, Kent also mentioned that Mike Butler, Selectman of the Town of Dedham will send Kent a copy of Dedham's Trust Agreement for their OPEB Trust for review by the Committee.]

## **7. Review of OPEB Contributions from Fee-Based Programs**

*(WayCAM video on this topic starts at 1:34:40)*

Kent reported that he had reviewed this item with Susan Bottan, the Wayland School Business Administrator. He noted that Reid Lyons, the HR Director for the Wayland School Department, has a great spreadsheet that accounts for all the School headcount and identifies the grant funding sources. The big issue is understanding how the various grant programs that pay for salaries for the programs can also be charged for OPEB, current health benefits and other overhead items. Kent will continue to work this issue with the new Finance Subcommittee of the School Committee.

Cliff noted that he had sent the OPEB Memorandum of Understanding (MoU) to Barb Fletcher, chair of the School Committee, Dr. Paul Stein, School Superintendent, Tom Greenaway, chair of the Finance Committee, Susan Bottan, and Brian Keveny. [The MoU describes the ten year program of \$50,000 per year to be transferred from Food Service and The Children's Way Enterprise Funds to the general fund representing the amount the two programs should have contributed for OPEB from 2008 to 2012. This obligation is more fully described in the 2014 Annual Town Meeting Warrant Article 4.] Cliff reported that none of the parties have signed the MoU. Jay strongly recommended that given the ten year duration of the financial commitment, he recommends that Cliff ask the chair of the School Committee to sign the document, so that it would be clearly understood by any new School superintendent and new School Committee members.

## **8. Approve minutes from Prior Meetings**

*(WayCAM video on this topic starts at 1:47:20)*

Maryanne presented her draft of the minutes of July 17, 2014 and incorporated various comments from the Committee. Dave moved that the Committee approve the minutes as amended, which was seconded by Kent. The Committee approved the amended minutes unanimously.

Cliff asked Jay for his thoughts on how to re-organize the various OPEB-related documents on the OPEB portion of the Town of Wayland's website.

## **9. Next Meeting**

The Committee agreed to meet next at 7:00 PM on Wednesday, September 24, 2014

The Committee voted 5-0 to adjourn the meeting at 8:47 PM.

Respectfully submitted,

Jay Sherry